

GOVERNOR'S TURTLE BAY ADVISORY WORKING GROUP

**April 2, 2008 - 10:00 - 11:00 A.M.
Governor's Conference Room
State Capitol, Fifth Floor
Honolulu, Hawaii 96813**

MINUTES

Attendance

Present: Chair Bill Paty; Vice-Chair Laura Thielen; Director Ted Liu; Senator Clayton Hee; Representative Michael Magaoay; Mr. Eric Gill; Mr. Joshua Primacio (Representing Mr. Junior Primacio); Mr. Blake McElheny; Ms. Cathleen Mattoon; Mr. Steve Metter; Ms. Denise Antolini; Mr. Keali'i Haverly (Representing Mr. Cy Bridges); Mr. Mitch Costino; Mr. Ernest Martin; Ms. Kimberly Ribellia (Representing Councilmember Donovan Dela Cruz); Dr. Steven Wheelwright; and Ms. Lea Hong

Also Present: Deputy Attorney General Randall Ishikawa (Representing Ms. Lisa Ginoza); Senior Policy Advisor Linda Smith; Senior Advisor – Communications Lenny Klompus; Chief of Staff Barry Fukunaga; and members of the public

Call to Order Chair Paty called the meeting to order at 10:02 a.m.

I. Opening Comments -- Bill Paty, Chair

Chair Paty welcomed members to the meeting.

a. Approval of Minutes from March 19th meeting

Minutes were approved subject to a minor correction provided by Ms. Denise Antolini.

II. Legislation Update -- Representative Magaoay and Senator Hee

Senator Hee reported on an effort to arrange a media site tour. However, due to concerns from the managers of the resort, the tour will be postponed.

Representative Magaoay reported that SB 2423 passed out of the Finance Committee and expressed his thanks to those members of the Working Group who were able to attend the hearing on Friday.

Representative Magaoay reported the following changes:

- Section 6 – Took out the general funds appropriation for land negotiations;
- Section 7 – Appropriated \$250,000 from the Special Land and Development Fund for the purpose of negotiating with the land owner; and
- Section 8 – A blank amount was retained in general obligation bonds for the possible acquisition of the land.

He noted the bill will be going to conference.

Chair Paty mentioned that Ms. Denise Antolini and Ms. Linda Smith were at the Finance Committee hearing until the bill was heard and voted upon.

Ms. Antolini thanked Representative Magaoay and the Finance Committee. She acknowledged that Ms. Smith answered questions for just over an hour and both Representative Magaoay and Representative Oshiro were extremely helpful in guiding the bill through the Finance Committee. Ms. Antolini also noted that the hearing was a good reminder of how unfamiliar people are with the purpose of this undertaking.

Ms. Smith expressed her appreciation for Ms. Antolini's presence at the hearing and summarized the types of questions raised by members during the hearing.

Senator Hee stated it is most likely that he will be the lead conferee from the Senate because SB 2423 came from the Water and Land Committee.

III. Subcommittee Reports

a. Community Communications – Ms. Denise Antolini

Ms. Antolini reported that the first update was posted on the TBAWG website on March 21st. There are, at present, over 550 emails in the Group's contact database. The second update will be posted following today's meeting and information will be made available via e-mail, neighborhood board meetings, and through members of the group. Ms. Antolini distributed the neighborhood board calendar and asked each member of the Advisory Working

Group to commit to attending their neighborhood board's meeting to get information out to the public.

Ms. Antolini also noted there are incoming emails to the Working Group account. With the cooperation of the other subcommittee Chairs, these will be forwarded to the subcommittees to draft replies. The Communications Subcommittee has also been working on "Frequently Asked Questions," which address the top 10 questions concerning the Turtle Bay acquisition effort. This will be a handout for all to use. Lastly, Ms. Antolini shared that the committee wants to increase communication with constituencies that may not be receiving Working Group communications, particularly the Turtle Bay employees. She urged the Group to inform her of any groups they know of that may not be receiving information.

Chair Paty asked Ms. Lea Hong to comment on the Trust for Public Lands (TPL) Campaign to Protect Turtle Bay.

Ms. Hong shared a hand-out illustrating the soft-launch website where TPL hopes to raise \$5 million in private donations for the acquisition of Turtle Bay. She added that the TPL hopes to make a full scale-launch of the website with a major donor in a few weeks.

b. Long-Term Resort Viability – Mr. Eric Gill

Mr. Eric Gill distributed a written report detailing the discussions of his subcommittee at their March 26th meeting. Mr. Gill stated the Subcommittee's premise that we must seek a path to viability that is welcomed by employees, the surrounding community, and the general public. He reported the Subcommittee created a set of criteria, enumerated in the report, they believe should be applied to the acquisition of the Kuilima property. Preservation of jobs and open space remain the priorities of the effort. He reviewed the key criteria, including retention of the mauka lands, use of LEED standards in future construction, and possible additional development within the existing footprint of the resort. Mr. Gill stated this would make the property more attractive to buyers and visitors, provide viable, quality employment, and generate sufficient funds to anchor the purchase of the Kuilima properties. Mr. Gill concluded that community support is necessary for the success of this effort.

Ms. Antolini expressed that Mr. Gill's verbal and written report was very thoughtful. She stated that it is critical that the key points of

this report are communicated and she will be adding them to the next Turtle Bay update.

Mr. Liu expressed his appreciation for Mr. Gill's thorough report and the efforts of the Subcommittee. Mr. Liu acknowledged the investment requirements which directly impact the purchase price will take additional up-front capital and we want to encourage re-investment in the property and a viable on-going operation for the future. He indicated this will be part of the acquisition analysis.

c. Acquisition Options – Mr. Steve Metter

Mr. Metter reported that the Subcommittee has had several internal meetings as well as meetings with consultants. The Subcommittee has also engaged a third-party appraiser, whose initial analysis has produced a range of values, highs and lows, for Kuilima's assets. He stated the appraisers have done excellent work under very stringent deadlines. He said the Subcommittee is looking at different acquisition strategies and he praised the serious legislation that could be helpful in avoiding the entrance of a third-party buyer at this juncture.

Mr. Metter agrees that the mauka lands are critical to the acquisition of Turtle Bay. The Subcommittee also wants an economic study done to determine the viability of a stand alone hotel versus some additional density, the results of which will be shared with the Advisory Working Group when completed. Dr. Wheelwright expressed his belief that some additional expansion is needed for the long-term viability of the resort. Additionally, the Subcommittee will continue to meet with potential buyers. The confidential nature of these discussions was again stressed.

IV. Pending Site Tour

Ms. Linda Smith shared her appreciation for Senator Hee's efforts and noted that during Governor Lingle's meeting with Oaktree representatives, an offer was made to tour the property. That offer, initially scheduled to occur in the early part of April, is still available. Ms. Smith said she will work with the Advisory Working Group members to select the best date for a site tour.

V. Other Business

Mr. Blake McElheny added that from his experiences with the North Shore and Waimea Valley efforts there are sometimes factors outside of the normal economic equations that lead to economic success. Mr. McElheny

shared that in the case of Waimea Valley, the final outcome was to not develop the property. Mr. Blake McElheny feels an economic analysis is a good idea and that it is critical to look outside the box in terms of options, including looking at the North Shore region as a whole.

Chair Paty acknowledged the importance of the Working Group's effort to preserve Turtle Bay in terms of putting forth a larger vision of preserving an entire region.

The Reverend Bob Nagata, a member of the public, said that Defend Oahu has asked the LUC to re-look at the land classifications of Turtle Bay. There was general agreement that this was not in conflict with the Working Group's efforts. He also said there are efforts to ask the City to remove the expansion from the City's General Community Plan.

Ms. Denise Antolini announced that the Intermediate Court of Appeals (ICA) will hear oral arguments on the supplemental Environmental Impact Statement case on Wednesday, April 9th at 9:00 A.M. in the Supreme Court Chambers.

VI. Next Meeting

The next meeting of the Working Group will be held on Wednesday, April 16th, at 10:00 a.m. in the Governor's Conference Room.

Chair Paty noted that he will not be present at the April 16th meeting and that Vice-Chair Thielen will preside.

VII. Adjournment

The meeting adjourned at 11:08 a.m.